



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, June 16, 2015

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
APPROVED MINUTES**

- PRESENT:** David Scholefield, Chairman
Ren Hirose, Vice-Chairman
Ace Bailey
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary
- STAFF:** Steve Geiogamah
Holli Shannon
Lee Guillory
Brian Dygert
Daniel Casey
Rose Rimsnider
Kroy Ekblaw
Cheryl Sumners
Erin Perrault
Sara Javoronok
- GUESTS:** Kathy Littlefield, Councilmember
Virginia Korte, Councilmember
Sam Campana, Former Mayor
Rachel Sacco, SCVB
Rachel Pearson, SCVB
Fred Unger
Valeri LeBlanc, PLACES Consulting
Jay Parry, Super Bowl Host Committee

1. Call to Order/Roll Call

Noting the presence of a quorum, Chairman Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m.

2. Approval of Minutes

- May 19, 2015 Regular Meeting

Vice Chairman Hirose noted that next year's bed tax is expected to be stronger because the 2016 College Football Championship will be held on a separate weekend from the Phoenix Open.

VICE CHAIRMAN HIROSE MOVED TO APPROVE THE MINUTES OF THE MAY 19, 2015 REGULAR MEETING AS AMENDED. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

- May 27, 2015 Special Meeting

Vice Chairman Hirose clarified that he wanted the organizing committee to work with the SCVB to encourage media stories beyond just the football game.

VICE CHAIRMAN HIROSE MOVED TO APPROVE THE MINUTES OF THE MAY 27, 2015 SPECIAL MEETING AS AMENDED. COMMISSIONER BAILEY SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. Manager Reports

a. Staff Bed-Tax Collection Report

Mr. Geiogamah reported that bed tax collections for the month of April were up 2%, miscellaneous retail sales tax were up 2%, and restaurant sales tax up 1%. The classification report has remained fairly consistent with limited properties trending well at 20%, and resort properties running between 8% and 9% annually.

b. Bed Tax Proforma

Mr. Geiogamah noted that the FY2014/15 column for Event Retention and Development was updated to reflect the actual expenses allocated for each program. MEAF spent \$117,000, Event Notification spent \$16,000, the Event Venue Fee Program spent \$20,000, and the Community Event Funding Program came in at \$128,000. The \$75,000 allocation for the PGA Charles Schwab Championship will go before City Council for approval on July 1. The Event Venue Fee Program was kept under one-time commitments, based on the Commission's request for a budget of \$200,000.

Chairman Scholefield inquired whether there have been any expenses to date for the Tourism Strategic Plan. Mr. Geiogamah responded that the program expects to have expenditures of \$175,000 this fiscal year. The Tourism Advisory Task Force quarterly meeting on June 17 will discuss priorities and projects for year three. Chairman Scholefield inquired about the possibility of accruing money for future mega event expenditures. Mr. Geiogamah responded that the Commission could recommend the allocation of those funds.

c. Smith Travel Report

Mr. Geiogamah stated that occupancy continues to be relatively flat, up 1.8% year to date. Average daily rate is up 16% and revpar is up 18.2% so far this year. Commissioner McCreary forecasted growth next year, though it will not be as dramatic as this year. Vice Chairman Hirose reported that May and June numbers have been good, and July looks promising. The fourth quarter looks strong, as does next year with the College Championship being held on a different weekend than the Phoenix Open.

d. Program Updates

Mr. Geiogamah reported that the MEAF and Community Event Funding programs will be presented to City Council this evening. On July 1, the SCVB destination marketing guide, performance measurements, and budget will be presented to City Council, as will the Charles Schwab Cup, Event Venue Fee Program, and the College Championship Game.

Cheryl Sumners provided a brief update on the new Special Events Ordinance (SEO). The existing ordinance is found in the Zoning Ordinance. It has been in existence for more than 20 years, but has received few revisions. Event producer needs and community expectations have changed significantly over that time, as have current trends and best practices. The SEO applies to special events that come through the permit process. The City sees about 250 special event permit applications each year. The Special Events Committee is an internal working group comprised of different City departments.

Ms. Sumners said the process consists of three stages: the initial draft, public outreach, and final approval. The target is to have City Council consider approval of the SEO in January of 2016. Tourism and Events, Planning, and the City Attorney's Office are leading the creation of the initial draft. The ideas and feedback of several working groups will be incorporated into it. Mr. Geiogamah added that the Event Working Group will be providing their input, and the full Commission will be kept up to date on progress.

Commissioner Hill inquired whether staff has reached out to other cities to learn about their ordinances. Ms. Sumners explained that staff is benchmarking other cities as part of the initial stage.

4. Arizona Super Bowl Host Committee Recap

Jay Parry, President & CEO, Arizona Super Bowl Host Committee, provided a recap of Super Bowl XLIX. The success of the event was dependent on good teamwork across the state and the Valley. The Committee had three key goals: to create media awareness of what Arizona and the Valley of the Sun is all about, to create economic impact, and to leave a lasting legacy.

Ms. Parry said the NFL and others continue to talk about the positive experiences they had with the Super Bowl in Arizona. The game posted the largest audience in U.S. television history, and garnered positive media coverage around the world. Over 5,400 media personnel were in Arizona for the week. The event proved that the region can

cooperate together, which is something other markets struggle with when it comes to hosting Super Bowls. It also demonstrated that the Valley has the infrastructure to comfortably host events of this size, and demonstrated Arizona's capacity for innovation. People felt welcome from the moment they arrived to the time they left.

Ms. Parry stated that Arizona is well positioned for the next bid. The NFL announced the contenders for the next round of games. Four cities are contending for the games in 2019 and 2020. In 2017, bidding for games beyond 2020 will begin, and Arizona will likely pursue that opportunity. If the NFL starts playing in Los Angeles by 2018, that city will be eligible for hosting considerations in 2020.

Ms. Parry reported that the regional partnership far exceeded investment expectations. Over 3,500 rooms in 22 hotels were included in the official NFL room block. Sales and bed tax projections were exceeded. January 2015 was up incrementally \$810,000 over the previous year. Revpar for Metro Phoenix over the three days leading up to Super Bowl more than tripled over the same period in 2014. The Scottsdale Airport hosted over 1,100 aircraft during Super Bowl weekend, which helped to introduce future investors to the state. The airport received over \$118,000 in direct revenue during that span.

Ms. Parry reported that over 350 small local businesses were certified in the NFL's Business Connect program, including 64 from Scottsdale. The Visiting CEO program introduced 70 CEOs from around the world to Arizona's market and business environment. Scottsdale was involved in nearly every PR and media activity the Committee engaged in.

Ms. Parry explained that the Committee's activities were designed to maximize opportunities for Arizona. The 100,000 visitors that came for Super Bowl-related activities will not look at Arizona the same way again. Even though the weather was not perfect, it did not hamper people's ability to enjoy the festivities. The extensive planning and preparation ensured that expectations were exceeded. The full economic impact results will be released later this week, and a copy will be sent to the Commission.

5. Economic Development Strategic Plan Overview

Danielle Casey, Economic Development Director, stated that the department focuses on attracting business to the city, retaining and expanding existing businesses, and marketing and developing entrepreneur and small business strategies. She reported that at the end of March, 765 jobs were created or retained in Scottsdale, and the department is on track to hit its target metric of about 1,100 jobs for the year. The average wage of these jobs is about \$58,000. In the past year, the Strategic Plan was approved by City Council. The Business Retention Program successfully increased participation in local, regional and state outreach activities.

Ms. Casey said staff is working to clarify implementation responsibilities and priorities in the strategic plan. Baseline data is being gathered to establish a set of indicators and metrics. Over 300 business stakeholders throughout the region were interviewed during the draft process. Aspirational communities were studied so that staff could learn from their activities. Scottsdale's plan focuses on several target sectors: life sciences,

advanced business services, technology and innovation companies, hospitality, visitor trade and commerce, and higher education. Scottsdale Economic Development was named Large Economic Development Organization of the Year by a statewide professional association

Ms. Casey noted that the ability to implement the plan's timeline is dependent on available resources and budget. Staff spends a great deal of time reaching out to and visiting businesses to help retain and grow them, and is working to enable present and future employers to cultivate, retain, and attract talent. Efforts are being focused on key employment and business centers such as the Cure Corridor, McDowell Road, downtown, and the Airpark. Staff is elevating Scottsdale's engagement in national and international economic development for the sake of attracting more investment, especially in key target markets such as Toronto and Vancouver in Canada. Building a Scottsdale business location brand on par with its tourism brand is a goal, as is growing and attracting quality firms and jobs in targeted sectors. Staff has also established a set of internal goals.

Vice Chairman Hirose felt it would be a good investment to provide funding to attract large annual conferences to Scottsdale. These events bring top CEOs together and once they see they city, they may decide to bring their companies or their corporate meetings here in the future. Ms. Casey responded that the department is working carefully to develop the proper process to do just that. The National Development Council was one small success last year that attracted several hundred attendees.

6. WestWorld Sales and Operation Update

Brian Dygert, WestWorld General Manager, provided an update on operations, and the marketing and sales strategies being employed this year and next. WestWorld is a 286-acre complex with two distinct land ownerships. One third is owned by the City of Scottsdale, and two thirds belong to the federal government and is leased through the Bureau of Reclamation.

A number of residences are adjacent to the property, and WestWorld works hard to be as considerate as possible. The facility received permission to put dust-mitigating millings on nearby land used for parking. Since Arizona had the second wettest May on record, there is currently standing water in the east retention basin. The water is treated and stocked with mosquito eating fish. Once the water recedes, the dry wells will be tested for silt buildup.

Mr. Dygert stated that the Tony Nelssen Equestrian Center opened in January 2014. In that period, 21 new contracts have been produced for events. The fiscal year is expected to close with \$3.9 million, which is about \$400,000 up from last year, a 9% increase. In 2016 and beyond, 17 contracts have already been signed, and 22 additional events are in the pipeline with over 50% probability that they will be signed.

Commissioner Hill inquired about parking policies when multiple events are occurring. Mr. Dygert said it is a large and growing component of operations. A parking vendor controls the organization based on WestWorld direction. Parking is allocated per event, depending on what part of the facility they are renting.

Mr. Dygert reported that Scottsdale has four proposals out for very large national equine events in the summer. WestWorld is one of two facilities being considered for the U.S. Dressage Association 2017/18 National Finals. The National High School Rodeo Association is considering a four-year proposal for their Junior High and High School National Finals, which are very large events in June and July. The National Cutting Horse Association is looking to move their Western Affiliate National Finals from Reno. The National Reined Cow Horse Association is looking to possibly relocate one of their national events.

Vice Chairman Hirose said the focus on large scale events is encouraging. Chairman Scholefield thanked staff for responding to the concerns of local residents.

7. McDowell Sonoran Preserve – Tonto National Forest Jeep Tours

Kroy Ekblaw, Executive Assistant, Strategic Projects, noted that the City of Scottsdale used \$30,000 from the bed tax last year to open up the RFP process to continue jeep tours in the Tonto National Forest. The process is still moving forward and the Forest Service will be sending out their final decisions this week. The RFP received a great deal of interest, and the Commission will receive a full report and be able to make a recommendation once it is decided. It is expected that tours can be operational by September. There have been no jeep tours during the summer months for the past three years.

Scottsdale's temporary program has expired, and there are no opportunities to move forward with jeep tours in the Preserve at this time. The Forest Service says Tonto has the capacity to accommodate tours, though routes may have to be sorted out between operators. All areas of interest are within the same approximate distance and all offer similar Sonoran Desert views.

Mr. Ekblaw said Scottsdale went from four jeep tour operators to three. The one that ceased operations only accounted for about 50 tours. In 2013/14, 1,445 visitors went on tours, while 1,071 visitors did so in 2014/15. The balance may just be a matter of different tastes, as the jeep tours operating in the Tonto Forest can accommodate alcohol, whereas those in the Preserve could not. Staff met with the three operators to discuss their options. Their unanimous decision was to wait for the Forest Service decision before deciding whether to come forward with another request for use of the Preserve either permanently or temporarily. One of the operators is already operating in Tonto, another primarily operates in the Grand Canyon area, while the third is the most interested in gaining access to Tonto.

Commissioner Hill noted that the operator that went out of business needed two tours a day to keep up with insurance payments, but the extra time required to reach the trails made that difficult. She inquired whether the other two operators feel they can make the Tonto-based business model work. Mr. Ekblaw responded that the Commission presentation will include summaries of each operator's position on the matter.

8. Draft General Plan 2035

Sara Javoronok, Project Coordination Liaison, provided an overview of the Task Force recommended draft of General Plan 2035, which incorporated feedback from City boards and commissions, and citizens. Feedback is still being gathered and the draft will be further revised before presentation to City Council in the fall, and possible voter ratification next year.

Ms. Javoronok explained that in Arizona, general plans are adopted by city councils and ratified by voters. They are legal mandates. They serve as policy documents rather than regulatory documents. General plans provide long-term comprehensive perspectives and serve as aspirational documents. They are required by state law and remain in effect for ten years. The 2011 update began in 2009, and was adopted in 2011, but not ratified by voters. The 2001 document remains in effect.

Ms. Javoronok stated that the plan has 22 elements, 17 of which are mandated by the state. New elements include Arts, Culture and Creative Community; Energy; Healthy Community; and Neighborhood Preservation and Revitalization; Community Involvement and Economic Vitality. There are three aspirations: exceptional experience; outstanding livability; and community prosperity. There are seven community values: respect character and culture; conserve and preserve the environment; collaborate and engage; foster well-being; connect the community; revitalize responsibly; and advance innovation and prosperity.

Ms. Javoronok said the arts element addresses Scottsdale as a regional leader and a recognized destination in the arts, culture and creativity, and highlights ways to recognize these efforts through the promotion of programs, the strengthening of downtown, and the building of partnerships. The primary goals are to continue to support, plan for and manage Scottsdale's arts programs and facilities; to encourage creative place making; and to promote a creative community through education and exposure to the creative process.

Ms. Javoronok said the Economic Vitality element is a community created element. The goals are to foster Scottsdale's resiliency to economic change; to enhance and protect Scottsdale Airport as a global connection for tourism and business; and to ensure that Scottsdale has the fiscal resources it needs to effectively govern.

Vice Chairman Hirose expressed his surprise that tourism is not one of the focus areas in the General Plan, considering its importance as an economic generator for Scottsdale. It should be one of the chapters. Chairman Scholefield said the Commission has heard about many different plans, but nothing about integrating them under a unified vision. Ms. Javoronok responded that the General Plan serves as an overarching document that incorporates aspects of more detailed plans. Chairman Scholefield emphasized that communications should ideally flow in both directions.

9. Public Comment

There were no public comments.

10. Identification of Future Agenda Items

Mr. Geiogamah stated that the Commission will receive updates on the Tonto jeep tours and the Preserve, a presentation on a potential spring training baseball museum, and funding for mega events. The next meeting is scheduled for August 18, and the July 21 meeting has been canceled.

Adjournment

The meeting adjourned at 9:40 a.m.

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